



JACKIE LACEY  
LOS ANGELES COUNTY DISTRICT ATTORNEY

18000 CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER  
210 WEST TEMPLE STREET LOS ANGELES, CA 90012-3210 (213) 974-3501

## ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

50

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

December 17, 2013

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE DISTRICT ATTORNEY TO ACCEPT GRANT FUNDS FROM THE STATE OF CALIFORNIA, DEPARTMENT OF INSURANCE (CDI) FOR AUTOMOBILE INSURANCE FRAUD (AIF), ORGANIZED AUTOMOBILE FRAUD ACTIVITY INTERDICTION "URBAN GRANT," WORKERS' COMPENSATION INSURANCE FRAUD (WCIF) AND DISABILITY AND HEALTHCARE INSURANCE FRAUD (DHIF) PROGRAMS AND APPROVE THE APPROPRIATION ADJUSTMENT FOR FISCAL YEAR 2013-14 (ALL DISTRICTS) (4-VOTES)**

### SUBJECT

The State of California, Department of Insurance (CDI) has awarded the District Attorney's Office (DA) \$4,700,414 for the Automobile Insurance Fraud (AIF) Program, \$2,263,824 for the Urban Grant Program, \$5,902,207 for Workers' Compensation Insurance Fraud (WCIF) Program, and \$1,074,601 for Disability and Healthcare Insurance Fraud (DHIF) Program to support enhanced investigation and prosecution of fraud activity, and approve an Appropriation Adjustment.

### **IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the District Attorney to accept grant funds from CDI, for the period of July 1, 2013 to June 30, 2014, for Automobile Insurance Fraud (AIF) in the amount of \$4,700,414; Urban Grant in the amount of \$2,263,824; Workers' Compensation Insurance Fraud (WCIF) in the amount of \$5,902,207; and Disability and Healthcare Insurance Fraud (DHIF) in the amount of \$1,074,601. There is no required County match for these programs.
2. Authorize the District Attorney to execute the Grant Award Agreements (GAA) on behalf of the County of Los Angeles.

3. Authorize the District Attorney or her designee, on behalf of the County of Los Angeles, to serve as Project Director and to sign and approve any revisions to the GAAs that do not increase the Net County Cost of the Agreements.

4. Approve the attached Appropriation Adjustment in the amount of \$508,000 to allocate funding for the CDI grants which includes full funding for the salary and benefits of one additional Deputy District Attorney III and full funding for two Senior Investigators who were partially funded in the DHIF Program, services and supplies, and capital assets appropriation for FY 2013-14.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The objective of these programs is to maintain an active partnership in anti-fraud efforts. Accordingly, the DA's office submitted grant applications to CDI for FY 2013-14. The AIF application was submitted on June 22, 2013, WCIF on April 26, 2013, and DHIF on June 10, 2013. On July 5, 2012, a three-year Urban grant application was submitted covering FY 2012-13 through FY 2014-15.

On September 20, 2013, the DA's Office received the GAAs from the CDI for the funds awarded to AIF, Urban Grant, WCIF and DHIF Programs.

Board approval is required to accept grant funds for AIF, Urban Grant, WCIF and DHIF Programs from CDI for FY 2013-14.

The Request for Appropriation Adjustments are needed in order to align the DA's budget with the full amount awarded to each program.

### **Implementation of Strategic Plan Goals**

Approval of the recommended action is consistent with the County's Strategic Plan Goal No. 3, Integrated Services Delivery, to maximize opportunities to measurably improve client and community outcomes and leverage resources through the continuous integration of health, community, and public safety services.

### **FISCAL IMPACT/FINANCING**

The CDI administers the grant programs and the distribution of funds for enhanced investigation and prosecution of automobile insurance fraud cases, organized automobile insurance fraud activity, workers' compensation fraud cases, and fraudulent disability and healthcare insurance fraud claims.

The CDI awarded grant funding for DA fraud programs for FY 2013-14. The \$508,000 Appropriation Adjustment will be used as follows:

- AIF Program – Increase Salaries and Employee Benefits appropriation by \$164,000. This amount represents the difference between the grant award of \$4,700,000 and the \$4,536,000 that was included in the District Attorney's FY 2013-14 Final Adopted Budget.

- Urban Grant – Salaries and Employee Benefits appropriation of \$433,000 was over projected in the FY 2013-14 Final Adopted Budget and will be netted from the total S&EB appropriation increase. This amount represents the difference between the grant award of \$2,264,000 and the \$2,697,000 that was included in the District Attorney's FY 2013-14 Final Adopted Budget.
- WCIF Program – Increase Salaries and Employee Benefits appropriation by \$284,000 and Capital Assets – Equipment by \$30,000. This amount represents the difference between the grant award of \$5,902,000 and the \$5,588,000 that was included in the District Attorney's FY 2013-14 Final Adopted Budget.
- DHIF Program – Increase Salaries and Employee Benefits appropriation by \$344,000, Services and Supplies by \$59,000 and Capital Assets – Equipment by \$60,000. This amount represents the difference between the grant award of \$1,075,000 and the \$612,000 that was included in the District Attorney's FY 2013-14 Final Adopted Budget.

These different amounts for the above mentioned four programs will be adjusted in the FY 2014-15 budget process.

In light of the State's budget situation, if funding for these programs were to be terminated, an evaluation of each program would be conducted to determine whether the program would either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Pursuant to Insurance Code Sections 1872.8(b)(1)(d) (AIF), 1874.8 (Urban Grant), 1872.83(d) (WCIF), and 1872.85(c)(2) (DHIF), CDI is authorized to award and distribute certain funds to District Attorneys submitting plans approved by the Fraud Division for the increased investigation and prosecution of organized automobile insurance fraud activity, workers' compensation fraud cases and fraudulent eligibility and healthcare insurance claims.

The DA has been awarded funding for AIF for the past nineteen years, Urban Grant for twelve years, WCIF for nineteen years, and DHIF for eight years.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Pursuant to your Board motion of December 15, 1998, the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments have been notified of this request for review.

The Probation Department determined that this action will have little to no impact on their current operations. The Alternate Public Defender stated they can continue to manage the impact of these programs with existing resources with the District Attorney's acceptance of these grant funds. The Public Defender determined that the funding of an additional DDA III to handle additional workload will impact their services. The Sheriff's Department stated that this action will have no impact to the services they provide.

**CONCLUSION**

Following Board approval, the Executive Officer-Clerk of the Board is requested to return two (2) copies of the adopted Board Letter to Ms. Emily Aidells, District Attorney's Office, 201 N. Figueroa Street, Suite 1300, California, 90012. Any questions may be directed to Ms. Aidells at (213) 202-7674.

Respectfully submitted,

A handwritten signature in black ink, reading "Jackie Lacey". The signature is fluid and cursive, with the first name "Jackie" and last name "Lacey" clearly legible.

JACKIE LACEY  
District Attorney

vc

Enclosures

c: Executive Officer, Board of Supervisors  
Chief Executive Officer  
County Counsel  
Auditor-Controller

## COUNTY OF LOS ANGELES

## REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF DISTRICT ATTORNEY

DEPT'S.  
NO. 370

November 7, 2013

## AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

## ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2013-14

4 - VOTES

SOURCESUSES

BA Details - See attachment pg.1

BA Details - See attachment pg.1

SOURCES TOTAL: \$ 508,000

USES TOTAL: \$ 508,000

JUSTIFICATION

The Budget Adjustment allocates the unbudgeted revenues from the Automobile Insurance Fraud (AIF), Organized Automobile Fraud Activity Interdiction (Urban Grant), Workers' Compensation Insurance Fraud (WCIF), and Disability and Healthcare Insurance Fraud (DHIF) Programs. The Appropriation Adjustments are needed in order to align the DA's budget with the full amount awarded to each program.

ADOPTED

BOARD OF SUPERVISORS

COUNTY OF LOS ANGELES  
BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

# 50

DEC 17 2013

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

*Norbert Ruiz*  
AUTHORIZED SIGNATURE Norbert Ruiz

REFERRED TO THE CHIEF  
EXECUTIVE OFFICER FOR ---☐ ACTION☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY *Karen Shikuma*

B.A. NO.

042

November 13 2013

☒ APPROVED AS REQUESTED☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY *Shadun*

November 18 2013

### SOURCES

District Attorney  
A01 - DA - 88 - 8831 - 14030  
State - Other \$508,000  
Increase Revenue

Total: \$508,000

### USES

District Attorney  
A01 - DA - 1000 - 14030  
Salaries & Employee Benefits \$359,000  
Increase Appropriation

District Attorney  
A01 - DA - 2000 - 14030  
Services & Supplies \$59,000  
Increase Appropriation

District Attorney  
A01 - DA - 6030 - 14030  
Capital Assets - Equipment \$90,000  
Increase Appropriation

Total: \$508,000

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

# 50

DEC 17 2013

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

BA#042 Karen Fukuma November 13, 2013

**Los Angeles County Chief Executive Office**  
**Grant Management Statement for Grants Exceeding \$100,000**

**Department:** District Attorney

**Grant Project Title and Description**      **Automobile Insurance Fraud Program**

The objective of this program is to enhance prosecutorial efforts and criminal investigations of major auto insurance fraud rings, syndicates, gangs, and organizations in Los Angeles County. These grant funds will allow the District Attorney's Office to continue its collaborative efforts with the State of California, Department of Insurance (CDI) to identify, investigate and prosecute organized automobile insurance fraud rings (staged accidents, cappers, etc.). Perpetrators also include unscrupulous doctors, chiropractors, lawyers and others who profit from fraudulent automobile insurance claims.

**Funding Agency**  
California Department of Insurance

**Program (Fed. Grant # /State Bill or Code #)**  
California Insurance Code § 1872.8

**Grant Acceptance Deadline**

**Total Amount of Grant Funding:** \$4,700,414

**County Match:** \$0

**Grant Period:** FY 2013-14    **Begin Date:** July 1, 2013

**End Date:** June 30, 2014

**Number of Personnel Hired Under This Grant:** 25

**Full Time:** 21    **Part Time:** 4\*

\* Three positions @ 95% are grant-funded by AIF Program. One position @ 10% is partially grant-funded by Urban Grant Program.

**Obligations Imposed on the County When the Grant Expires**

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

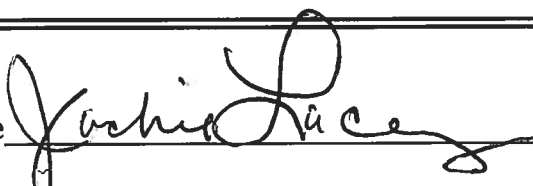
b). Identify other revenue sources Yes ☐ No ☒  
(Describe) \_\_\_\_\_

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

**Impact of additional personnel on existing space:** None

**Other requirements not mentioned above:** None

**Department Head Signature**



**Date** 11/12/13



**Los Angeles County Chief Executive Office**  
**Grant Management Statement for Grants Exceeding \$100,000**

**Department:** District Attorney

**Grant Project Title and Description:** Organized Automobile Insurance Fraud Activity Interdiction  
"Urban Grant" Program

The State Organized Automobile Fraud Interdiction Activity "Urban Grant" Program combats organized automobile insurance fraud and economic auto theft activity in California's urban areas. This program is designed to increase the investigation and prosecution of this widespread crime in Los Angeles County. The Los Angeles County District Attorney's Office, with the collaboration of the California Highway Patrol, CDI, and the Los Angeles Police Department has broken up numerous staging gangs that have caused millions of dollars in losses.

**Funding Agency**  
California Department of Insurance

**Program (Fed. Grant # /State Bill or Code #)**  
Urban Grant (AB1050), California Insurance Code § 1874.8

**Grant Acceptance Deadline**

**Total Amount of Grant Funding:** \$2,263,824

**County Match:** \$0

**Grant Period:** FY2013-2014 **Begin Date:** July 1, 2013

**End Date:** June 30, 2014

**Number of Personnel Hired Under This Grant:** 11

**Full Time:** 10 **Part Time:** 1\*

\*This position is partially grant-funded by Automobile Insurance Fraud Program.

**Obligations Imposed on the County When the Grant Expires**

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

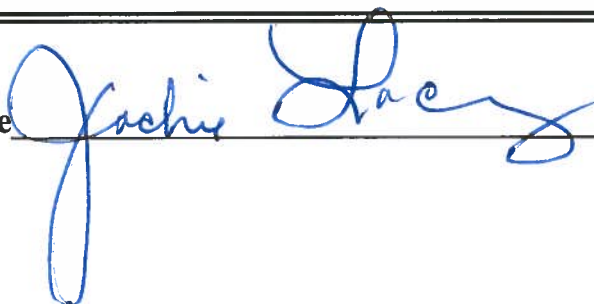
b). Identify other revenue sources Yes ☐ No ☒  
(Describe) \_\_\_\_\_

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

**Impact of additional personnel on existing space:** None

**Other requirements not mentioned above:** None

**Department Head Signature**



**Date**

11/13/13



**Los Angeles County Chief Executive Office**  
**Grant Management Statement for Grants Exceeding \$100,000**

**Department:** District Attorney

**Grant Project Title and Description** Workers' Compensation Insurance Fraud Program

The objective of this program is to enhance the identification, investigation and prosecution of organized workers' compensation insurance fraud. These grant funds will allow the District Attorney's Office to continue its collaborative efforts with the State of California, Department of Insurance (CDI) to investigate and prosecute unscrupulous doctors, chiropractors, lawyers and others engaged in workers' compensation insurance fraud in Los Angeles County.

**Funding Agency**  
California Department of Insurance

**Program (Fed. Grant # /State Bill or Code #)**  
California Insurance Code § 1872.83

**Grant Acceptance Deadline**

**Total Amount of Grant Funding:** \$5,902,207

**County Match:** \$0

**Grant Period:** FY 2013-2014 **Begin Date:** July 1, 2013

**End Date:** June 30, 2014

**Number of Personnel Hired Under This Grant:** 33

**Full Time:** 30 **Part Time:** 3\*

\*These positions are partially grant-funded by both Workers' Compensation Insurance Fraud and Disability & Healthcare Insurance Fraud Programs.

**Obligations Imposed on the County When the Grant Expires**

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

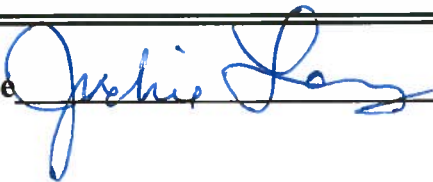
b). Identify other revenue sources Yes ☐ No ☒  
(Describe) \_\_\_\_\_

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

**Impact of additional personnel on existing space:** None

**Other requirements not mentioned above:** None

**Department Head Signature**



**Date**

11/12/13

**Los Angeles County Chief Executive Office**  
**Grant Management Statement for Grants Exceeding \$100,000**

**Department:** District Attorney

**Grant Project Title and Description:** Disability and Healthcare Insurance Fraud Program

The objective of this program is to enhance the criminal investigation and prosecution of fraudulent disability and healthcare insurance claims in Los Angeles County. These grant funds will allow the District Attorney's Office to successfully implement this program and reduce disability and healthcare insurance fraud through collaborative efforts with the State of California, Department of Insurance (CDI) and local law enforcement agencies.

**Funding Agency**  
California Department of Insurance

**Program (Fed. Grant # /State Bill or Code #)**  
California Insurance Code §1872.85

**Grant Acceptance Deadline**

**Total Amount of Grant Funding:** \$1,074,601

**County Match:** \$0

**Grant Period:** FY 2013-2014 **Begin Date:** July 1, 2013

**End Date:** June 30, 2014

**Number of Personnel Hired Under This Grant:** 10

**Full Time:** 6 **Part Time:** 4\*

\*These positions are partially grant-funded by both Workers' Compensation Insurance Fraud and Disability & Healthcare Insurance Fraud Programs.

**Obligations Imposed on the County When the Grant Expires**

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

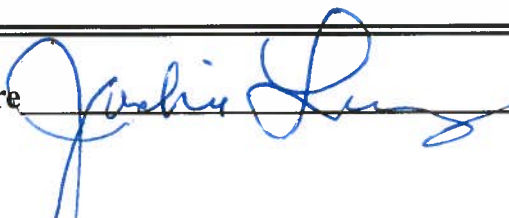
b). Identify other revenue sources Yes ☐ No ☒  
(Describe) \_\_\_\_\_

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

**Impact of additional personnel on existing space:** None

**Other requirements not mentioned above:** None

**Department Head Signature**



**Date**

11/12/13